

TOWNSHIP OF ELY
ISHPEMING, MICHIGAN
FINANCIAL STATEMENTS
For the Year ended June 30, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Ely Township	County Marquette
Audit Date 6/30/05	Opinion Date 9/3/05	Date Accountant Report Submitted to State: 10/26/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

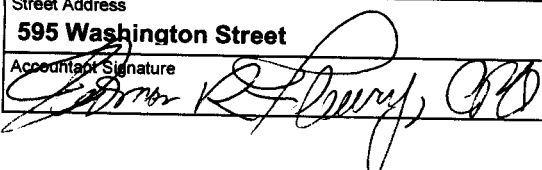
Certified Public Accountant (Firm Name) Thomas R. Fleury, C.P.A.			
Street Address 595 Washington Street		City Ishpeming	State MI
Accountant Signature 		ZIP 49849-0267	Date 10/26/05

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INDEPENDENT AUDITOR'S REPORT

September 3, 2005

The Honorable Supervisor and Members
Township of Ely Board
Marquette County, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate and the aggregate remaining fund information of the TOWNSHIP OF ELY as of and for the year ended June 30, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for an opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the TOWNSHIP OF ELY as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in the footnotes, the TOWNSHIP OF ELY has implemented a new financial reporting model, as required by the provisions of GASB No. 34, Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments, as amended and interpreted as of June 30, 2005.

In accordance with Government Auditing Standards, I have also issued my report dated September 3, 2005, on my consideration of the Townships internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of my audit.

The budgetary comparison information on pages 26 through 30 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.


Certified Public Accountant

TOWNSHIP OF ELY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Township of Ely, Michigan's financial performance provides an overview of the Township's financial activities for the year ended June 30, 2005. Please read it in conjunction with the financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

The Township's net assets were reported for the first time under GASB 34. As such, no comparisons with prior years will be made. In future years, comparative information will be presented in various schedules throughout the "Management's Discussion and Analysis".

Net assets for the Township as a whole increased by \$20,388 which is about six percent of the previous years net assets.

During the year, The Township had expenses for governmental activities in the amount of \$331,959 and revenues in the amount of \$352,347.

The General Fund reported a net fund balance of \$387,873. The net change in the General Fund balance was a decrease of \$14,612 which was \$48 more than projected.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (pages 11 and 12) provide information about the activities of the Township as a whole and presents a longer term view of the Township's finances. Fund financial statements start on page 13. For governmental activities, these statements relate how these services were financed in the short term as well as what remains for future funding of these services. Fund financial statements also report the Township's operation in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

REPORTING THE TOWNSHIP AS A WHOLE

My analysis of the Township as a whole begins on page 7. One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer that question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's net assets and changes in them. Over time, increases or decreases in the Township's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's population base and the condition of the Township's capital assets, to assess the overall financial health of the Township.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

REPORTING THE TOWNSHIP AS A WHOLE (Continued)

In the Statement of Net Assets and the Statement of Activities, the Township has two types of activities:

Governmental Activities - Most of the Township's basic services are reported here, including the legislative, elections, public safety, public works, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and State sources fund most of these activities.

Business Type Activities - The Township charges a fee to customers to help it cover most of the cost of certain services it provides. The Township provides water services for Township residents and charges a fee to cover the costs of operations.

REPORTING THE TOWNSHIP'S MOST SIGNIFICANT FUNDS

My analysis of the Township's major funds begins on page 9. The fund financial statements begin on page 13 and provided detailed information on the most significant funds but not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The Township's two kinds of funds (Governmental and Proprietary) use different accounting methods.

Governmental Funds - Most of the Township's services are reported in governmental funds, which focuses on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. I describe the relationship (or differences) between governmental activities reported in the Statement of Net Assets and Statement of Activities and governmental funds in a reconciliation which follows the fund financial statements.

Proprietary Funds - When the Township charges customers for the services it provides, those services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are in the Statement of Net Assets and the Statement of Activities. In fact, the Township's enterprise funds (a component of proprietary funds) are the same as the business type activities I report in the governmental wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

THE TOWNSHIP AS TRUSTEE

The Township is the trustee, or fiduciary, for assets that, because of a trust arrangement can be used only for the trust beneficiaries. All of the fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 17. I have excluded these activities from the other financial statements because the Township cannot use these assets to finance its operations.

THE TOWNSHIP AS A WHOLE

Table I provided a summary of the Township's net assets at June 30, 2005.

	<u>Governmental Activities</u>	<u>Proprietary Activities</u>	<u>Total Primary Government</u>
Current and other assets	\$ 359,056	\$ 52,016	\$ 411,072
Non current assets	94,540	823,261	917,801
	-----	-----	-----
Total Assets	\$ 453,596	\$ 875,277	\$ 1,328,873
	-----	-----	-----
Current liabilities	\$ 10,723	\$ 19,126	\$ 29,849
Non current liabilities	-	301,199	301,199
	-----	-----	-----
Total Liabilities	\$ 10,723	\$ 320,325	\$ 331,048
	-----	-----	-----
Net Assets:			
Invested in capital assets	\$ 94,540	\$ 437,521	\$ 532,061
Restricted	55,000	271,263	326,263
Unrestricted	293,333	(153,832)	139,501
	-----	-----	-----
Total Net Assets	\$ 442,873	\$ 554,952	\$ 997,825
	=====	=====	=====

Net assets of the Township's governmental activities stood at \$442,873. Unrestricted net assets - the part of net assets that could be used to finance day to day activities without constraints established by debt covenants, enabling legislation or other legal requirements stood at \$293,873.

The \$293,873 in unrestricted net assets, of governmental activities represents the accumulated results of all past years' operations. The operating results of the Federal Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operation for the Township as a whole are reported in the Statement of Activities (See Table 2), which shows the changes in net assets for the fiscal year ended June 30, 2005.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 2 - Changes in Net Assets

	Governmental Activities	Business Type Activities	Total Primary Government
	-----	-----	-----
Revenues:			
Program Revenues:			
Charges for services	\$ 7,468	\$ 64,733	\$ 72,201
Grants	8,526	4,585	13,111
General Revenues:			
Property taxes	162,232	-	162,232
Intergovernmental	149,669	-	149,669
Other	24,452	2,204	26,656
	-----	-----	-----
Total Revenues	\$ 352,347	\$ 71,522	\$ 423,869
	-----	-----	-----
Program Expenses:			
Legislative	\$ 109,354	\$ -	\$ 109,354
Elections	3,141	-	3,141
General Services			
and Administration	18,765	-	18,765
Public Safety	32,677	-	32,677
Public Works	101,347	91,684	193,031
Community and			
Economic Development	23,166	-	23,166
Recreation and Culture	6,765	-	6,765
Other	36,744	-	36,744
	-----	-----	-----
Total Expenses	\$ 331,959	\$ 91,684	\$ 423,643
	-----	-----	-----
Increase (decrease) in net assets	\$ 20,388	\$ (20,162)	\$ 226
Net assets, beginning, as restated	422,485	575,114	997,599
	-----	-----	-----
Net Assets, Ending	\$ 442,873	\$ 554,952	\$ 997,825
	=====	=====	=====

The Township's total revenues were \$423,869. The total cost of all programs and services was \$423,643, leaving an increase in net assets of \$226. My analysis below separately considers the operation of governmental activities:

GOVERNMENTAL ACTIVITIES

The net assets of the Township's governmental activities increased \$20,388 and the net assets of the Township's business type activities decreased \$20,162 for the year ended June 30, 2005.

The \$20,388 increase is made up of \$39,029 of net profit from governmental funds discussed later, less depreciation expense of \$18,641.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

THE TOWNSHIP'S FUNDS

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a combined fund balance of \$348,333 which is a \$20,388 increase from the beginning of the year.

The main reason that there was an increase from the beginning of the year was due to a savings in budgeted general government expenditures in the amount of \$37,802 less under budgeted depreciation expense in the amount of \$ 12,291.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Township Board reviewed and amended the originally adopted budget a few times.

Actual charges to expenditures were \$43,721 less than the final amended budget. Conversely, actual revenues were \$8,769 less than the final budget projection.

Of the reduction of \$43,721 in budgeted expenditures, \$15,047 was for salaries and wages budgeted as part of the Township Board expenses; \$4,716 in the reduced cost of tax roll statements; and a reduction in budgeted sanitation expenses of \$5,548.

Of the decrease of \$8,769 in budgeted revenues, \$12,742 was from the budget amount for delinquent tax collections.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of June 30, 2005, the Township had \$833,260 invested in a variety of capital assets including land, building and improvements, equipment and vehicles as are detailed in Table 3 below:

Table 3 - Capital Assets at June 30, 2005 (Net of Depreciation)

	Governmental Activities	Business Type Activities	Total
Land, Buildings and Improvements	\$ 48,529	\$ 726,371	\$ 774,900
Equipment	46,011	12,349	58,360
Vehicles	-	-	-
	\$ 94,540	\$ 738,720	\$ 833,260

The Township had additions to fixed assets during the current year in the amount of \$5,768. Depreciation expense for the year was \$18,641 in the governmental funds and \$35,194 in the business type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

DEBT

At June 30, 2005, the Township had \$303,499 in bonds outstanding as detailed in Note E to the financial statements.

ECONOMIC FACTORS FOR NEXT YEAR'S BUDGET

In preparing the Townships budget for the year ended June 30, 2006, we looked at the past year's budget as well as the last two complete years' actual revenues and expenditures and prepared our budget from these documents, with increases and decreases where necessary.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Township of Ely; 1555 County Road 496; Ishpeming, Michigan 49849.

TOWNSHIP OF ELY
STATEMENT OF NET ASSETS
June 30, 2005

	Governmental Activities	Business Type Activities	Total
	-----	-----	-----
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 130,513	\$ 84,377	\$ 214,890
Investments	183,176	36,400	219,576
Receivables (net)	45,367	15,780	61,147
	-----	-----	-----
TOTAL CURRENT ASSETS	\$ 359,056	\$ 136,557	\$ 495,613
Non-current assets:			
Land	\$ 4,550	\$ 5,000	\$ 9,550
Other capital assets	457,686	1,292,373	1,750,059
Accumulated depreciation	(367,696)	(558,653)	(926,349)
	-----	-----	-----
TOTAL NON-CURRENT ASSETS	\$ 94,540	\$ 738,720	\$ 833,260
	-----	-----	-----
TOTAL ASSETS	\$ 453,596	\$ 875,277	\$ 1,328,873
	-----	-----	-----
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 10,723	\$ 6,126	\$ 16,849
	-----	-----	-----
TOTAL CURRENT LIABILITIES	\$ 10,723	\$ 6,126	\$ 16,849
	-----	-----	-----
NET ASSETS			
Invested in capital assets			
net of related debt	\$ 94,540	\$ 559,078	\$ 653,618
Restricted	55,000	463,905	518,905
Unrestricted	293,333	(153,832)	139,501
	-----	-----	-----
TOTAL NET ASSETS	\$ 442,873	\$ 869,151	\$ 1,312,024
	=====	=====	=====

The accompanying notes are an integral part of these statements.

TOWNSHIP OF ELY
STATEMENT OF ACTIVITIES

For the Year ended June 30, 2005

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				Primary Government
Governmental Activities:				Governmental Activities
Legislative	\$ 109,354	\$ -	\$ -	\$ -
Elections	3,141	-	-	109,354
General services and administration	18,765	684	-	3,141
Public Safety	32,677	2,737	-	18,081
Public Works	101,347	4,047	8,526	29,940
Community and economic development	23,166	-	-	88,774
Recreation and culture	6,765	-	-	23,166
Other	36,744	-	-	6,765
				36,744
Total Governmental Activities	\$ 331,959	\$ 7,468	\$ 8,526	\$ -
				\$ 315,965
TOTAL PRIMARY GOVERNMENT	\$ 331,959	\$ 7,468	\$ 8,526	\$ -
				\$ 315,965
General Revenues:				
				Taxes
				Intergovernmental
				Other
				\$ 162,232
				149,669
				24,452
				\$ 336,353
CHANGE IN NET ASSETS				
				\$ 20,388
Net assets, beginning of year				
				327,945
NET ASSETS, END OF YEAR				
				\$ 348,333

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ELY

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2005

	General Fund	Stabilization Fund	Total Governmental Funds
	-----	-----	-----
ASSETS			
Cash and cash equivalents	\$ 95,513	\$ 35,000	\$ 130,513
Investments	163,176	20,000	183,176
Receivables	31,066	-	31,066
Prepaid expenses	13,965	-	13,965
Due from other funds	337	-	337
	-----	-----	-----
TOTAL ASSETS	\$ 304,057	\$ 55,000	359,057
	=====	=====	=====
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ 8,402	\$ -	\$ 8,402
Due to other funds	2,322	-	2,322
	-----	-----	-----
TOTAL LIABILITIES	\$ 10,724	\$,	\$ 10,724
FUND BALANCE:			
General Fund	\$ 293,333	\$ -	\$ 293,333
Stabilization Fund	-	55,000	55,000
	-----	-----	-----
TOTAL FUND BALANCE	\$ 293,333	\$ 55,000	\$ 348,333
	-----	-----	-----
TOTAL LIABILITIES AND FUND BALANCE	\$ 304,057	\$ 55,000	\$ 359,057
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ELY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

June 30, 2005

Total Fund Balances for Governmental Funds	\$ 348,333
--	------------

Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in
the funds

94,540

NET ASSETS OF GOVERNMENTAL FUNDS	\$ 442,873
	=====

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ELY

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year ended June 30, 2005

	General Fund	Stabilization Fund	Total Governmental Funds
Revenues:			
Taxes	\$ 162,232	\$,	\$ 162,232
Intergovernmental	158,195	-	158,195
Other	31,920	,	31,920
TOTAL REVENUES	\$ 352,347	\$,	\$ 352,347
Incoming Transfers	-	35,000	35,000
TOTAL REVENUES AND INCOMING TRANSFERS	\$ 352,347	\$ 35,000	\$ 387,347
Expenditures:			
Township board	\$ 71,066	\$ -	\$ 71,066
Supervisor	10,470	-	10,470
Election expense	3,141	-	3,141
Assessor	13,148	-	13,148
Clerk	9,903	-	9,903
Board of review	750	-	750
Treasurer	17,915	-	17,915
First responder group	7,701	-	7,701
Fire protection	24,565	-	24,565
Sanitation	71,352	-	71,352
Animal control	411	-	411
Planning and zoning	23,166	-	23,166
Zoning board of appeals	4,867	-	4,867
Highways and streets	29,996	-	29,996
Parks and recreation	5,328	-	5,328
Depreciation expense	18,641	-	18,641
Other	19,539	-	19,539
TOTAL EXPENDITURES	\$ 331,959	\$ -	\$ 331,959
Outgoing transfers	35,000	-	35,000
TOTAL EXPENDITURES AND OUTGOING TRANSFERS	\$ 366,959	\$ -	\$ 366,959
EXCESS REVENUES, TRANSFERS AND (EXPENDITURES)	\$ (14,612)	\$ 35,000	\$ 20,388
Fund balance at beginning of year	402,485	20,000	422,485
FUND BALANCE AT END OF YEAR	\$ 387,873	\$ 55,000	\$ 442,873

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ELY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2005

Net Change in Fund Balances - Total Governmental Funds \$ 20,388

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays such as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which capital
outlays exceeded depreciation in the current period.

Capital outlays	\$ (5,768)	
Depreciation expense	18,641	12,873
	-----	-----

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 33,261
=====

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ELY
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2005

	Trust and Agency	Current Tax Collection Account	Total
	-----	-----	-----
ASSETS			
Cash and cash equivalents	\$ 33	\$ 304	\$ 337
	-----	-----	-----
TOTAL ASSETS	\$ 33	\$ 304	\$ 337
	=====	=====	=====
LIABILITIES			
Due to general fund	\$ 33	\$ 304	\$ 337
	-----	-----	-----
TOTAL LIABILITIES	\$ 33	\$ 304	\$ 337
	=====	=====	=====

The accompanying notes are an intergral part of these financial statements.

TOWNSHIP OF ELY
NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of the Township of Ely:

1. Financial Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board Statement No. 14 entitled "The Financial Reporting Entity" a governmental financial reporting entity consists of a primary government, such as a general purpose local government, and component units, which are defined as units for which the primary government is financially accountable. The primary government is financially accountable if it appoints a voting majority of a component's governing body, and there is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

As required by accounting principles generally accepted by the United States of America, the financial statements of the reporting entity includes those of the Township of Ely (the primary government). However, there are no units which qualify as component units as defined above.

2. Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The various funds are grouped in the financial statements in this report as follows:

Governmental Funds:

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Proprietary Funds:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Fiduciary Funds:

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township as an agent for other governmental units and other funds. These agency funds are custodial in nature and do not involve measurement or results of operations.

Account Groups:

General Long-Term Debt Account Group - This account group presents the balance of general obligation long-term debt which is not recorded in proprietary funds.

3. Measurement Focus

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their unreserved fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations are accounted for in the general governmental fund type at original cost minus accumulated depreciation. The book value of these assets is reported as "Reserved Fund Balance" in the general governmental fund tupe.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activities are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary funds balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. Fixed assets and their related accumulated depreciation, by major classification are as follows:

	Cost	Accumulated Depr.	Current Depr.	Estimated Lives
Greenwood Water System	\$918,118	\$ 333,876	\$ 24,163	40 years
Diorite Water System	\$379,256	\$ 224,777	\$ 11,031	10-40 years

4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

All governmental funds are accounted for using the full accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the full accrual basis of accounting when the related fund liability is incurred.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Agency Funds are accounted for using the cash basis of accounting. Since Agency Funds do not involve measurement of results of operations, there are no revenue or expenditure accounts.

5. Budgets and Budgetary Accounting

The township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. In May, the Township Supervisor submits to the Township Board, a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. A public hearing is conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally enacted by resolution.
- d. Any revision that alters the original budget of any fund must be approved by the Township Board.
- e. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- f. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.
- g. Budget appropriations lapse at the end of each fiscal year.
- h. Budgeted amounts are stated as originally adopted or as amended by the Township Board.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the governmental unit.

Investments are stated at cost or amortized cost.

7. Inventory

Inventories are not significant and have not been recognized in any of the funds.

8. Due from Other Funds

Due from other funds represents current interfund loans receivable and are considered "available spendable resources."

9. Net Assets

Restricted net assets in the General Fund totaled \$ 55,000 and represents amounts to be used for budget stabilization.

10. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CASH AND INVESTMENTS

The captions on the combined balance sheet relating to cash, investments, restricted assets and the amounts in the total "Memorandum Only" are as follows:

Total (Memorandum Only)	
Cash on hand and in bank	\$ 214,890
Investments	219,576

Total	\$ 434,466
	=====

A summary of deposits by type are:

Cash on hand	\$ 575
Cash in demand accounts	161
Cash in savings accounts	214,154
Certificates of deposit	219,576

Total	\$ 434,466
	=====

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

These deposits are in two financial institutions located in the County of Marquette in varying amounts. All accounts are in the name of the Township and a specific fund or common account. They are recorded in Township records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

Statutory Authority

Act 217, PA 1982, authorizes the Township to deposit and invest in:

- (a) bonds and other direct obligations of the United States or its agencies.
- (b) certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under Section 5 or 6 of Act 105, PA 1855, as amended (MCL 21.145 and 21.146).
- (c) commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time.
- (d) United States government or federal agency obligation repurchase agreements.
- (e) banker's acceptance of United States banks.
- (f) mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

The Township's investments are in accordance with statutory authority.

Michigan law (Section 3, Act 40, PA 1932, as amended) prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

At year end, the Township's cash and cash equivalents bank balance was \$ 214,890 of which \$ 105,975 was insured by the Federal Deposit Insurance Corporation (FDIC) Regulation number 330.8. The remaining balance of \$ 108,915 was uninsured and uncollateralized. This regulation in summary provides that deposits of a governmental unit are insured for the lesser of the amount of the combined deposits or \$100,000 demand deposits and \$100,000 time deposits in every financial institution, that is not a branch location and is a member of the FDIC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Investments

Investments made by the Township are summarized below. The investments that are represented by specific identifiable investments securities are classified as to credit risk within the following two categories:

Category 1: Insured or registered, or securities held by the Township or its agent in the Township's name.

Category 2: Uninsured and unregistered with securities held by the counterparty's trust department or agent in the Township's name.

Investment Type	Risk Category		Carrying Value	Market Value
	1	2		
Certificates of Deposit:				
Governmental funds	\$ 183,176	\$ -	\$ 183,176	\$ 183,176
Proprietary funds	36,400	-	36,400	36,400
Total Investments	<u>\$ 219,576</u>	<u>\$ -</u>	<u>\$ 183,176</u>	<u>\$ 219,576</u>

NOTE C - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance July 1, 2004	Additions	Retirements	Balance June 30, 2005
Land, buildings and additions	\$ 334,717	\$ 5,485	\$ -	\$ 340,202
Equipment	103,497	284	4,024	99,757
Vehicles	22,277	-	-	22,277
	<u>\$ 460,491</u>	<u>\$ 5,769</u>	<u>\$ 4,024</u>	<u>\$ 462,236</u>
Less accumulated depreciation				367,696
				<u>BOOK VALUE OF CAPITAL ASSETS</u>
				<u>\$ 94,540</u>

NOTE D - CHANGES IN LONG-TERM DEBT

Long-term debt at June 30, 2005 consisted only of water system revenue bonds which are reported in detail in Note E of the Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE E - WATER SYSTEM REVENUE BONDS

The Township adopted Ordinance No. 1-1974 amended by Ordinance No. 2-1975 effective August 29, 1975 authorizing the issuance of Greenwood Water Supply System revenue bonds. The original amount of the revenue bonds was \$ 140,000. The unpaid balance paying interest at 5.00% per annum and maturing on January 1, of each year, is payable as follows:

\$ 5,000	2006 to 2007, inclusive	10,000
6,000	2008 to 2015, inclusive	48,000
4,000	2016	4,000
	Less amount prepaid	(8,501)

		\$ 53,499
	Less current maturities	5,000

	TOTAL	\$ 48,499
		=====

The Township adopted Ordinance No. 1-1995 authorizing the issuance of Greenwood Water Supply System junior lien revenue bonds. The original amount of the revenue bonds was \$ 341,000. Amortization of the bonds, paying interest at 5.25% per annum and maturing on September 1, of each year, are payable as follows:

\$ 5,000	2005 to 2010, inclusive	30,000
6,000	2011 to 2012, inclusive	12,000
7,000	2013 to 2016, inclusive	28,000
8,000	2017 to 2018, inclusive	16,000
9,000	2019 to 2020, inclusive	18,000
10,000	2021 to 2022, inclusive	20,000
11,000	2023 to 2024, inclusive	22,000
12,000	2025 to 2026, inclusive	24,000
13,000	2027	13,000
14,000	2028	14,000
15,000	2029	15,000
16,000	2030 to 2031	32,000
15,500	2032	15,500
	Less amount prepaid	(62,500)

		\$ 197,000
	Less current maturities	5,000

	TOTAL	\$ 192,000
		=====

The Township adopted Ordinance No. 1-1987 effective May 3, 1979 authorizing the issuance of Diorite Water Supply System revenue bonds. The original amount of the revenue bonds was \$ 109,000. The unpaid balance, paying interest at 5.00% per annum and maturing on January 1, of each year, is payable as follows:

\$ 3,000	2006 to 2007, inclusive	\$ 6,000
4,000	2008 to 2012, inclusive	20,000
5,000	2013 to 2020, inclusive	40,000

		\$ 66,000
	Less current maturities	3,000

	TOTAL	\$ 63,000
		=====

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE F - LONG-TERM CONTRACTS PAYABLE

The Township enters into contracts for road reconstruction with the Marquette County Road Commission. Terms of the contracts call for the Marquette County Road Commission to upgrade specified county roads with the Township paying a percentage of the actual costs over a three year period. During the year ended June 30, 2005, a payment was made in the amount of \$ 6,016.54 for improvements to County Road CD/CH.

The Township normally budgets for these payments annually and records them as an expenditure in the year paid.

NOTE G - PROPERTY TAXES

Property taxes are levied on December 1. The Township collects its own property taxes until mid February at which time collection is turned over to Marquette County.

The tax rate to finance general government services for the year ended June 30, 2005 was \$ 3.2655 per \$1,000 of assessed valuation which computed to \$ 118,856 on the present taxable valuation of \$ 36,400,577.

NOTE H - RETIREMENT PLAN

The township adopted Ordinance No. 1991-2 on July 16, 1991 creating a retirement plan for employees. Under the Ordinance, 50% of the cost is to be paid by the Township and 50% of the cost is to be paid by the covered employees. For the year ended June 30, 2005, the Township contributed \$ 5,236 to the retirement plan.

NOTE I - RISK MANAGEMENT

The township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains insurance coverage through the Michigan Township Participating Plan which covers each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this coverage in any of the past three years.

TOWNSHIP OF ELY

STATEMENT OF BUDGETED AND ACTUAL REVENUES - GENERAL FUND

Year ended June 30, 2005

With totals for the year ended June 30, 2004

	2005 Budgeted	2005 Actual	Variance - Favorable (Unfavorable)	2004 Actual
<u>REVENUES</u>				
Taxes:				
Property taxes	\$ 116,210.00	\$ 118,851.90	\$ 2,641.90	\$ 112,417.06
Specific ore tax	1,150.00	1,044.08	(105.92)	1,108.40
Delinquent tax collections	13,125.00	383.22	(12,741.78)	-
Tax on State land	23,101.00	23,100.35	(0.65)	23,100.35
Commercial forest	3,400.00	3,358.65	(41.35)	3,429.42
Administration fees	15,500.00	15,493.34	(6.66)	15,732.83
TOTAL TAXES	\$ 172,486.00	\$ 162,231.54	\$ (10,254.46)	\$ 155,788.06
Intergovernmental:				
State shared receipts:				
Sales tax	\$ 154,245.00	\$ 149,669.00	\$ (4,576.00)	\$ 157,269.00
Grant - Diorite Park project	-	-	-	12,371.06
Maintenance contract	-	8,526.36	8,526.36	3,133.17
TOTAL INTERGOVERNMENTAL	\$ 154,245.00	\$ 158,195.36	\$ 3,950.36	\$ 172,773.23
Other revenue:				
Investment income	\$ 7,600.00	\$ 7,450.22	\$ (149.78)	\$ 5,957.41
Hall rental	1,700.00	1,588.00	(112.00)	1,056.00
Reimbursements:				
Water thawing	100.00	-	(100.00)	-
Fire calls	2,750.00	2,736.54	(13.46)	825.00
Other	7,040.00	6,891.62	(148.38)	2,350.56
Miscellaneous	15,195.00	13,253.60	(1,941.40)	14,091.23
TOTAL OTHER REVENUE	\$ 34,385.00	\$ 31,919.98	\$ (2,465.02)	\$ 24,280.20
TOTAL REVENUES	\$ 361,116.00	\$ 352,346.88	\$ (8,769.12)	\$ 352,841.49

TOWNSHIP OF ELY

STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES - GENERAL FUND

Year ended June 30, 2005
With totals for the year ended June 30, 2004

	2005	2005	Variance -	2004
	<u>Budgeted</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
<u>EXPENDITURES</u>				
<u>GENERAL GOVERNMENT</u>				
Township Board:				
Salaries and wages	\$ 52,320.00	\$ 37,273.50	\$ 15,046.50	\$ 39,939.08
Operating supplies	5,500.00	5,068.58	431.42	5,765.81
Education and training	1,200.00	65.00	1,135.00	2,079.30
Communications	1,575.00	1,573.68	1.32	1,604.33
Transportation	200.00	154.86	45.14	182.81
Printing and publishing	800.00	245.23	554.77	778.61
Contracted services	10,000.00	9,514.86	485.14	12,606.83
Memberships and dues	1,729.00	1,727.77	1.23	4,201.63
Utilities	5,256.00	4,592.44	663.56	5,057.26
Employee benefits	12,500.00	10,639.25	1,860.75	9,778.43
Repair and maintenance	600.00	210.33	389.67	179.29
TOTAL TOWNSHIP BOARD	\$ 91,680.00	\$ 71,065.50	\$ 20,614.50	\$ 82,173.38
Supervisor:				
Salaries and wages	\$ 10,200.00	\$ 10,200.00	\$ -	\$ 10,200.00
Transportation	500.00	270.49	229.51	264.09
TOTAL SUPERVISOR	\$ 10,700.00	\$ 10,470.49	\$ 229.51	\$ 10,464.09
Clerk:				
Salaries and wages:				
Clerk	\$ 7,800.00	\$ 7,800.00	\$ -	\$ 7,800.00
Deputy clerk	2,700.00	1,630.00	1,070.00	553.75
Supplies	100.00	73.59	26.41	123.00
Education and training	500.00	27.00	473.00	69.00
Transportation	100.00	372.17	(272.17)	86.85
TOTAL CLERK	\$ 11,200.00	\$ 9,902.76	\$ 1,297.24	\$ 8,632.60
Treasurer:				
Salaries and wages:				
Treasurer	\$ 7,800.00	\$ 7,800.00	\$ -	\$ 7,800.00
Deputy treasurer	350.00	6,095.75	(5,745.75)	154.50
Other	6,250.00	334.50	5,915.50	2,589.50
Tax supplies	1,500.00	1,299.24	200.76	331.63
Tax roll statements	7,000.00	2,284.50	4,715.50	8,136.26
Transportation	200.00	101.37	98.63	96.39
Education and training	150.00	-	150.00	30.00
TOTAL TREASURER	\$ 23,250.00	\$ 17,915.36	\$ 5,334.64	\$ 19,138.28

TOWNSHIP OF ELY

STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES - GENERAL FUND (CONTINUED)

Year ended June 30, 2005
 With totals for the year ended June 30, 2004

	2005	2005	Variance -	2004
	<u>Budgeted</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
<u>GENERAL GOVERNMENT (CONTINUED)</u>				
Assessor:				
Salaries and wages	\$ 12,000.00	\$ 12,000.00	\$ -	\$ 12,000.00
Transportation	950.00	941.62	8.38	732.00
Supplies	100.00	96.13	3.87	62.70
Miscellaneous	250.00	110.00	140.00	-
TOTAL ASSESSOR	\$ 13,300.00	\$ 13,147.75	\$ 152.25	\$ 12,794.70
Board of Review:				
Salaries and wages	\$ 825.00	\$ 750.00	\$ 75.00	\$ 750.00
Printing and publishing	100.00	-	100.00	-
Education and training	150.00	-	150.00	-
Miscellaneous	25.00	-	25.00	-
TOTAL BOARD OF REVIEW	\$ 1,100.00	\$ 750.00	\$ 350.00	\$ 750.00
Election Department:				
Salaries and wages	\$ 2,300.00	\$ 1,993.15	\$ 306.85	\$ 41.60
Operating supplies	500.00	384.60	115.40	35.62
Transportation	200.00	151.61	48.39	30.37
Professional services	1,000.00	280.00	720.00	-
Printing and publishing	500.00	331.89	168.11	-
TOTAL ELECTION DEPARTMENT	\$ 4,500.00	\$ 3,141.25	\$ 1,358.75	\$ 107.59
Planning and Zoning Board:				
Salaries and wages	\$ 3,400.00	\$ 3,308.25	\$ 91.75	\$ 3,590.50
Transportation	2,200.00	2,179.63	20.37	2,014.54
Professional services	17,200.00	16,111.50	1,088.50	18,471.35
Printing and publishing	1,150.00	1,228.64	(78.64)	512.75
Miscellaneous	600.00	338.00	262.00	740.00
TOTAL PLANNING AND ZONING BOARD	\$ 24,550.00	\$ 23,166.02	\$ 1,383.98	\$ 25,329.14

TOWNSHIP OF ELY

STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES - GENERAL FUND (CONTINUED)

Year ended June 30, 2005
With totals for the year ended June 30, 2004

	2005 <u>Budgeted</u>	2005 <u>Actual</u>	Variance - Favorable (Unfavorable)	2004 <u>Actual</u>
GENERAL GOVERNMENT (CONTINUED)				
Zoning Board of Appeals:				
Salaries and wages	\$ 780.00	\$ 546.25	\$ 233.75	\$ 522.50
Operating supplies	100.00	-	100.00	-
Transportation	550.00	530.00	20.00	590.00
Printing and publishing	350.00	241.13	108.87	191.00
Contracted services	4,500.00	3,490.00	1,010.00	1,080.00
Miscellaneous	170.00	60.00	110.00	-
TOTAL ZONING BOARD OF APPEALS	\$ 6,450.00	\$ 4,867.38	\$ 1,582.62	\$ 2,383.50
Other General Government:				
Insurance and bonds	\$ 12,000.00	\$ 10,147.22	\$ 1,852.78	\$ 8,907.86
Professional fees	6,400.00	3,774.75	2,625.25	3,050.00
Miscellaneous	5,200.00	4,179.99	1,020.01	2,377.46
TOTAL OTHER GENERAL GOVERNMENT	\$ 23,600.00	\$ 18,101.96	\$ 5,498.04	\$ 14,335.32
TOTAL GENERAL GOVERNMENT	\$ 210,330.00	\$ 172,528.47	\$ 37,801.53	\$ 176,108.60
<u>PUBLIC SAFETY</u>				
Fire Protection:				
Contractual services	\$ 23,600.00	\$ 21,999.59	\$ 1,600.41	\$ 23,660.36
Hydrant rental	2,500.00	2,500.00	-	2,500.00
Other	1,100.00	65.00	1,035.00	811.92
TOTAL FIRE PROTECTION	\$ 27,200.00	\$ 24,564.59	\$ 2,635.41	\$ 26,972.28
First Responder Group:				
Supplies	\$ 2,500.00	\$ 2,247.18	\$ 252.82	\$ 2,329.01
Education and training	1,500.00	905.00	595.00	530.54
Transportation	6,000.00	4,548.60	1,451.40	4,570.00
TOTAL FIRST RESPONDER GROUP	\$ 10,000.00	\$ 7,700.78	\$ 2,299.22	\$ 7,429.55
Animal Control:				
Contractual services	\$ 2,000.00	\$ 411.25	\$ 1,588.75	\$ 855.00
TOTAL ANIMAL CONTROL	\$ 2,000.00	\$ 411.25	\$ 1,588.75	\$ 855.00
TOTAL PUBLIC SAFETY	\$ 39,200.00	\$ 32,676.62	\$ 6,523.38	\$ 35,256.83

TOWNSHIP OF ELY

STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES - GENERAL FUND (CONTINUED)

Year ended June 30, 2005

With totals for the year ended June 30, 2004

	2005 Budgeted	2005 Actual	Variance - Favorable (Unfavorable)	2004 Actual
<u>HIGHWAYS AND STREETS</u>				
Utilities - lights	\$ 24,500.00	\$ 23,467.19	\$ 1,032.81	\$ 19,684.11
Construction	7,000.00	6,352.54	647.46	67,456.25
Traffic maintenance	1,200.00	176.00	1,024.00	234.54
TOTAL HIGHWAYS AND STREETS	\$ 32,700.00	\$ 29,995.73	\$ 2,704.27	\$ 87,374.90
<u>SANITATION</u>				
Contractual services:				
Collections	\$ 27,000.00	\$ 26,891.64	\$ 108.36	\$ 25,913.52
Landfill	39,000.00	37,345.16	1,654.84	31,599.52
Miscellaneous expense	10,900.00	7,115.00	3,785.00	10,636.46
TOTAL SANITATION	\$ 76,900.00	\$ 71,351.80	\$ 5,548.20	\$ 68,149.50
<u>CULTURE AND RECREATION</u>				
Parks and Recreation:				
Salaries and wages	\$ 6,000.00	\$ 3,796.00	\$ 2,204.00	\$ 3,089.88
Supplies	700.00	883.47	(183.47)	97.70
Transportation	100.00	28.75	71.25	35.09
Contracted services	1,000.00	320.00	680.00	155.00
Miscellaneous	600.00	300.00	300.00	480.93
TOTAL PARKS AND RECREATION	\$ 8,400.00	\$ 5,328.22	\$ 3,071.78	\$ 3,858.60
<u>Senior Citizens Programs:</u>				
Chore and other services	\$ 1,800.00	\$ 1,437.00	\$ 363.00	\$ 1,404.86
TOTAL SENIOR CITIZENS PROGRAMS	\$ 1,800.00	\$ 1,437.00	\$ 363.00	\$ 1,404.86
TOTAL CULTURE AND RECREATION	\$ 10,200.00	\$ 6,765.22	\$ 3,434.78	\$ 5,263.46
<u>DEPRECIATION EXPENSE</u>				
	\$ 6,350.00	\$ 18,641.17	\$ (12,291.17)	\$ 29,417.16
TOTAL EXPENDITURES	\$ 375,680.00	\$ 331,959.01	\$ 43,720.99	\$ 401,570.45

TOWNSHIP OF ELY
SPECIAL REVENUE FUNDS

BALANCE SHEET

June 30, 2005

	Stabilization Fund -----
ASSETS	
Cash in Bank - Savings	\$ 35,000.00
Certificates of Deposit	20,000.00 -----
TOTAL ASSETS	\$ 55,000.00 =====
LIABILITIES AND FUND BALANCE	
Liabilities	\$ -
Fund Balance	55,000.00 -----
TOTAL LIABILITIES AND FUND BALANCE	\$ 55,000.00 =====

TOWNSHIP OF ELY

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year ended June 30, 2005

	Stabilization Fund -----
Revenues (transfer)	\$ 35,000.00
Expenditures	\$ - -----
TOTAL EXPENDITURES	\$ - -----
EXCESS REVENUES (EXPENDITURES)	\$ 35,000.00
Fund balance at beginning of year	20,000.00 -----
FUND BALANCE AT END OF YEAR	\$ 55,000.00 =====

TOWNSHIP OF ELY

COMBINING BALANCE SHEET - ALL PROPRIETARY FUND TYPES

June 30, 2005

ASSETS	Greenwood Water Supply System	Diorite Water Supply System	Totals
CURRENT ASSETS			
Cash in bank	\$ 20,878.58	\$ 15,357.50	\$ 36,236.08
Accounts receivable	3,781.00	5,185.00	8,966.00
Due from other funds	354.00	1,968.00	2,322.00
Accrued interest receivable	22.73	-	22.73
Prepaid expenses	2,792.77	1,676.25	4,469.02
TOTAL CURRENT ASSETS	\$ 27,829.08	\$ 24,186.75	\$ 52,015.83
RESTRICTED ASSETS			
Bond and interest redemption account - time deposits	\$ 11,302.36	\$ 329.45	\$ 11,631.81
Bond reserve account - Certificate of deposit time deposits	30,000.00	6,400.00	36,400.00
General purpose account - time deposits	19,465.24	17,044.04	36,509.28
TOTAL RESTRICTED ASSETS	\$ 60,767.60	\$ 23,773.49	\$ 84,541.09
UTILITY PLANT - on the basis of cost			
Distribution system less accumulated depreciation	\$ 918,117.72	\$ 379,255.76	\$ 1,297,373.48
	333,875.82	224,777.34	558,653.16
BOOK VALUE OF UTILITY PLANT	\$ 584,241.90	\$ 154,478.42	\$ 738,720.32
TOTAL ASSETS	\$ 672,838.58	\$ 202,438.66	\$ 875,277.24
LIABILITIES AND FUND EQUITY			
CURRENT LIABILITIES			
Payable from current assets:			
Accounts payable	\$ 1,550.16	\$ 542.03	\$ 2,092.19
Deferred revenue	448.00	138.00	586.00
Accrued interest payable	3,447.50	-	3,447.50
Payable from restricted assets:			
Current portion of long-term liabilities	10,000.00	3,000.00	13,000.00
TOTAL CURRENT LIABILITIES	\$ 15,445.66	\$ 3,680.03	\$ 19,125.69
LONG-TERM LIABILITIES	238,199.40	63,000.00	301,199.40
FUND EQUITY	419,193.52	135,758.63	554,952.15
TOTAL LIABILITIES AND FUND EQUITY	\$ 672,838.58	\$ 202,438.66	\$ 875,277.24

TOWNSHIP OF ELY

COMBINING STATEMENT OF FUND EQUITY
ALL PROPRIETARY FUND TYPES

Year ended June 30, 2005

	Greenwood Water Supply System	Diorite Water Supply System	Totals
	-----	-----	-----
FUND EQUITY			
Contributed capital	\$ 400,242.88	\$ 224,000.00	\$ 624,242.88
Retained earnings -			
Reserved:			
Bond and interest			
redemption account:			
Balance at July 1,	\$ 11,179.80	\$ -	\$ 11,179.80
Transfer (to) from			
retained earnings			
unreserved	122.56	-	122.56
	-----	-----	-----
	\$ 11,302.36	\$ -	\$ 11,302.36
Bond account			
Balance at July 1	\$ 30,000.00	\$ 6,726.17	36,726.17
Transfer from retained			
earnings - unreserved	-	3.28	3.28
	-----	-----	-----
	\$ 30,000.00	\$ 6,729.45	\$ 36,729.45
General purpose account:			
Balance at July 1	\$ 19,113.99	\$ 16,709.28	\$ 35,823.27
Transfer from retained			
earnings - unreserved	351.25	334.76	686.01
	-----	-----	-----
	\$ 19,465.24	\$ 17,044.04	\$ 36,509.28
Retained earnings -			
Unreserved:			
Balance at July 1	\$ (27,714.28)	\$ (105,143.75)	\$ (132,858.03)
Net income (loss) for			
the year	(13,628.87)	(6,533.07)	(20,161.94)
Transfer from (to):			
Bond and interest			
redemption account	(122.56)	-	(122.56)
Bond Account	-	(3.28)	(3.28)
General purpose			
account	(351.25)	(334.76)	(686.01)
	-----	-----	-----
	\$ (41,816.96)	\$ (112,014.86)	\$ (153,831.82)
	-----	-----	-----
BALANCE AT JUNE 30	\$ 419,193.52	\$ 135,758.63	\$ 554,952.15
	=====	=====	=====

TOWNSHIP OF ELY

COMBINING STATEMENT OF INCOME AND EXPENSES

ALL PROPRIETARY FUND TYPES

Year ended June 30, 2005

	Greenwood Water Supply System	Diorite Water Supply System	Totals
	-----	-----	-----
INCOME			
Water sales	\$ 41,584.00	\$ 20,648.82	\$ 62,232.82
Hydrant rentals	2,500.00	-	2,500.00
State of Michigan Grant	4,585.05	-	4,585.05
	-----	-----	-----
TOTAL INCOME	\$ 48,669.05	\$ 20,648.82	\$ 69,317.87
EXPENSES			
Salaries and wages	\$ 3,355.00	\$ 2,615.00	\$ 5,970.00
Employee benefits	323.19	135.76	458.95
Operating supplies	1,341.70	546.35	1,888.05
Repair and maintenance	2,768.68	2,679.43	5,448.11
Utilities	2,596.82	3,552.79	6,149.61
Professional fees	11,899.58	1,495.00	13,394.58
Insurance and bonds	3,369.87	2,032.86	5,402.73
Provision for depreciation	24,162.94	11,031.38	35,194.32
Miscellaneous	186.78	345.00	531.78
	-----	-----	-----
TOTAL EXPENSES	\$ 50,004.56	\$ 24,433.57	\$ 74,438.13
	-----	-----	-----
OPERATING PROFIT (LOSS)	\$ (1,335.51)	\$ (3,784.75)	\$ (5,120.26)
NON OPERATING REVENUES (EXPENSES)			
Interest income	\$ 1,567.55	\$ 636.54	\$ 2,204.09
Interest expense:			
Rural Development:			
Paid during the year	(10,421.25)	(-)	(10,421.25)
Accrued at year end	(822.50)	(-)	(822.50)
G.M.A.C.	(2,617.16)	(3,384.86)	(6,002.02)
	-----	-----	-----
TOTAL NON OPERATING REVENUES (EXPENSES)	\$ (12,293.36)	\$ (2,748.32)	\$ (15,041.68)
	-----	-----	-----
NET INCOME (LOSS)	\$ (13,628.87)	\$ (6,533.07)	\$ (20,161.94)
	=====	=====	=====

TOWNSHIP OF ELY

COMBINING STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUND TYPES

Year ended June 30, 2005

	Greenwood Water Supply System	Diorite Water Supply System	Totals
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss) for the year	\$ (13,628.87)	\$ (6,533.07)	\$ (20,161.94)
	-----	-----	-----
Adjustments to reconcile net income to net cash provided			
by operating activities:			
Provision for depreciation	\$ 24,162.94	\$ 11,031.38	\$ 35,194.32
(Increase) decrease in:			
Accounts receivable	28.00	(1,057.00)	(1,029.00)
Due from other funds	(354.00)	(1,968.00)	(2,322.00)
Interest receivable	(3.43)	-	(3.43)
Prepaid expenses	(137.63)	(19.64)	(157.27)
Accounts payable	(1,870.67)	270.87	(1,599.80)
Deferred revenue	41.00	(203.00)	(162.00)
Accrued interest payable	822.50	-	822.50
	-----	-----	-----
TOTAL ADJUSTMENTS	\$ 22,688.71	\$ 8,054.61	\$ 30,743.32
	-----	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 9,059.84	\$ 1,521.54	\$ 10,581.38
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments on debt:			
Rural Development	\$ (3,000.00)	\$ (-)	\$ (3,000.00)
G.M.A.C.	(6,300.00)	(3,000.00)	(9,300.00)
Transfers from (to) reserves	(473.81)	(338.04)	(811.85)
	-----	-----	-----
NET CASH (USED) BY FINANCING ACTIVITIES	\$ (9,773.81)	\$ (3,338.04)	\$ (13,111.85)
	-----	-----	-----
NET INCREASE (DECREASE) IN CASH	\$ (713.97)	\$ (1,816.50)	\$ (2,530.47)
Cash balance at beginning of year	21,592.55	17,174.00	38,766.55
	-----	-----	-----
CASH BALANCE AT END OF YEAR	\$ 20,878.58	\$ 15,357.50	\$ 36,236.08
	=====	=====	=====

TOWNSHIP OF ELY
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
June 30, 2005

	Agency Funds		
	Trust and Agency	Current Tax Collection	Totals
ASSETS			
Cash - demand deposits	\$ 32.63	\$ 304.39	\$ 337.02
	-----	-----	-----
TOTAL ASSETS	\$ 32.63	\$ 304.39	\$ 337.02
	=====	=====	=====
LIABILITIES			
Accrued and withheld payroll taxes	\$ -	\$ -	\$ -
Due to other funds	32.63	304.39	337.02
Due to other governmental units	-	-	-
	-----	-----	-----
TOTAL LIABILITIES	\$ 32.63	\$ 304.39	\$ 337.02
	=====	=====	=====

TOWNSHIP OF ELY

FIDUCIARY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year ended June 30, 2005

	Balance at July 1, 2004	Additions	Deductions	Balance at June 30, 2005
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
TRUST AND AGENCY ACCOUNT				
ASSETS				
Cash	\$ 32.63	\$ 2,454.18	\$ 2,454.18	\$ 32.63
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
LIABILITIES				
Due to other funds	\$ 32.63	\$ 344.47	\$ 344.47	\$ 32.63
Due to State of Michigan	-	215.40	215.40	-
Due to County	-	1,277.90	1,277.90	-
Due to Schools	-	616.41	616.41	-
Other	-	26.76	26.76	-
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
TOTAL LIABILITIES	\$ 32.63	\$ 2,480.94	\$ 2,480.94	\$ 32.63
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
CURRENT TAX COLLECTION ACCOUNT				
ASSETS				
Cash	\$ 262.64	\$1,089,915.58	\$1,089,873.83	\$ 304.39
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
LIABILITIES				
Due to other funds	\$ 262.64	\$ 121,701.67	\$ 121,659.92	\$ 304.39
Due to State	-	216,953.28	216,953.28	-
Due to County	-	258,690.50	258,690.50	-
Due to Schools	-	492,306.80	492,306.80	-
Other	-	263.33	263.33	-
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
TOTAL LIABILITIES	\$ 262.64	\$1,089,915.58	\$1,089,873.83	\$ 304.39
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>

THOMAS R. FLEURY
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Michigan Association of C.P.A.'s

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

September 3, 2005

The Honorable Supervisor and Members
Township of Ely Board
Marquette County, Michigan

I have audited the accompanying general purpose financial statements of the TOWNSHIP OF ELY as of and for the year ended June 30, 2005, and have issued my report thereon dated September 3, 2005. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States.

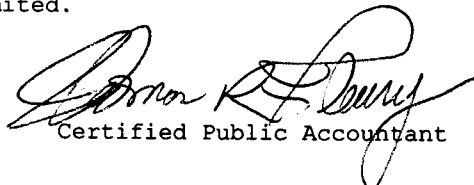
Compliance

As part of obtaining reasonable assurance about whether the Township of Ely, State of Michigan's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under "Government Auditing Standards" and a report to management communicating immaterial instances of noncompliance was not required.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Township of Ely, State of Michigan's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass through entities. However, this report is a matter of public record and its distribution is not limited.


Certified Public Accountant

THOMAS R. FLEURY
Certified Public Accountant

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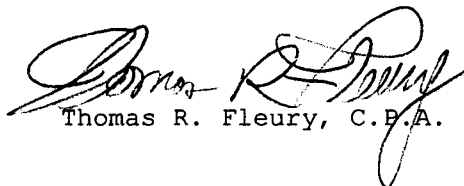
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September 3, 2005

The Honorable Supervisor and
Members of the Township Board
Township of Ely
Ishpeming, Michigan

I have audited the general purpose financial statements of the Township of Ely for the year ended June 30, 2005 and have issued my report thereon dated September 3, 2005. As part of my audit, I made a study and evaluation of the internal accounting control system to the extent I considered necessary to determine the nature, timing and extent of my auditing procedures. During my evaluation, I did not observe any areas that could use improvement or change in order to improve internal accounting controls.

Sincerely,



Thomas R. Fleury, C.P.A.